

**PROPOSITION 1B:
GOODS MOVEMENT EMISSION REDUCTION PROGRAM**

2010 Funding Awards

STAFF REPORT

Board Hearing: June 24, 2010

California Environmental Protection Agency

 **Air Resources Board**

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DOCUMENT AVAILABILITY

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CONTACTS

Proposition 1B: Goods Movement Emission Reduction Program
Stationary Source Division

Air Resources Board
P.O. Box 2815
Sacramento, California 95812

Website: <http://www.arb.ca.gov/gmbond>
Information Line: (916) 44-GOODS (444-6637)
Email: gmbond@arb.ca.gov

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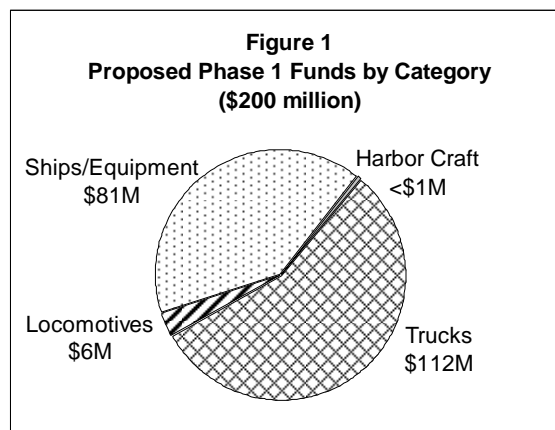
EXECUTIVE SUMMARY

The Air Resources Board (ARB or Board) staff solicited applications from local agencies to implement Fiscal Year (FY) 2008-09 and FY2009-10 funds under the Proposition 1B: Goods Movement Emission Reduction Program (Program), consistent with Program Guidelines for Implementation (Guidelines) adopted by the Board in March 2010. The purpose of the Program is to cut air pollution and the associated health risk by upgrading the diesel equipment used to move freight in California's trade corridors.

Seven local agencies in the four trade corridors and a State agency (ARB) submitted 15 project proposals, requesting over \$1.1 billion to upgrade more than 16,000 pieces of equipment. ARB staff evaluated each proposal and ranked any competing proposals within each corridor and funding category. There are proposals in each corridor that can successfully achieve the objectives of the Program, consistent with the Guidelines.

The FY2008-09 and FY2009-10 State budgets appropriated \$500 million for the Program. After reserving up to \$25 million for ARB administration as allowed by law, up to \$475 million in Program funds may be tentatively allocated to the local and State agencies. ARB staff is recommending that the Board award the available cash of \$200 million (in Phase 1) received from Spring 2010 bond sales. Staff is also proposing that the Board tentatively allocate the remaining \$275 million (in Phase 2) - the final Phase 2 award is subject to future bond sales, anticipated in Spring 2011.

The \$475 million in Program funds includes up to \$50 million proposed for an ARB truck loan assistance program. The proposal for tentatively allocating the remaining \$425 million is based on: the Board's funding targets and priorities; the emission reductions and cost effectiveness of each project; and local or State agency readiness to quickly implement the new grants. This approach allowed staff to develop recommendations on which local agency projects within each corridor should be funded, and at what levels using the available cash, as well as tentative allocations for future bond sales.



ARB staff recommends that the Board award the \$200 million in Phase 1 funding for the categories as shown in Figure 1.

Table 1 below shows ARB staff's proposal for both Phase 1 and Phase 2 funding in each trade corridor.

Table 1 Summary of Recommendations by Corridor and Recipient Agency

Trade Corridor and Target %	Funding Category	Local District	Total¹ (millions)	Phase 1 June 2010 (millions)	Tentative Phase 2 Spring 2011 (millions)
LA/Inland Empire (55%, \$233.7M)	Trucks	South Coast	\$141.5	\$42.5	\$99.0
	Ships/ Equipment	South Coast	\$61.3	\$61.3	---
	Locomotives	South Coast	\$30.9	\$6.2	\$24.7
	Corridor Total		\$233.7	\$110.0	\$123.7
Central Valley (25%, \$106.2M)	Trucks	San Joaquin Valley	\$78.5	\$48.5	\$20.0
	Trucks	Sacramento Metro		\$10.0	
	Locomotives	San Joaquin Valley	\$20.0	---	\$20.0
	Locomotives	Sacramento Metro	\$7.7	---	\$7.7
	Corridor Total		\$106.2	\$58.5	\$47.7
Bay Area (14%, \$59.5M)	Trucks	Bay Area	\$33.3	\$8.0	\$25.3
	Ships/ Equipment	Bay Area	\$23.9	\$20.0	\$3.9
	Locomotives	Bay Area	\$2.3	---	\$2.3
	Corridor Total		\$59.5	\$28.0	\$31.5
San Diego/ Border (6%, \$25.5M)	Trucks	San Diego	\$25.0	---	\$22.0
	Trucks	Imperial		\$3.0	
	Harbor Craft	San Diego	\$0.5	\$0.5	---
	Corridor Total		\$25.5	\$3.5	\$22.0
All Trade Corridors	Trucks	ARB ²	\$50.0	---	\$50.0
Local and State Agency Totals			\$474.9	\$200.0	\$274.9

¹ Adds to just under \$475 million due to rounding.

² State agency.

This proposal for funding would quickly reduce diesel particulate matter (PM) health risk in every trade corridor, with 2/3 of the bond dollars going to upgrade heavy duty diesel trucks and 1/3 going to ships at berth and cargo handling equipment, locomotives, and harbor craft. Over their life, the projects would reduce over 58,000 tons of nitrogen oxides (NOx), and 2,000 tons of PM. The \$475 million in bond funding would also leverage over \$550 million in match funding from truck owners, seaports, railroads, and others, and upgrade well over 6,000 trucks, 30 ships at berth, 79 locomotives, and 3 harbor craft projects.

1. PROGRAM BACKGROUND

California residents face serious health impacts from freight-related diesel pollution, especially in communities near ports, rail yards, roads with high truck traffic, and distribution centers. The diesel engines that move freight are also a major cause of high regional ozone and fine particle levels that harm millions of Californians today.

Freight-related emissions are a public health concern at both the regional and community levels because they contribute to serious health effects, such as cardiac and respiratory diseases, increased asthma and bronchitis episodes, increased risk of cancer, and premature death.

Program Authority and Scope

Proposition 1B, approved by voters in 2006, authorizes \$1 billion in bond funding to the ARB to cut freight emissions in four priority trade corridors. These corridors are: the Los Angeles/Inland Empire; the Central Valley; the Bay Area; and the San Diego/Border area. Health and Safety Code section 39625 et seq. establishes the Goods Movement Emission Reduction Program (Program) and directs the Air Resources Board (ARB or Board) to maximize the emission reduction benefits while achieving the earliest possible health risk reduction in communities heavily impacted by goods movement. The major sources eligible for bond funding include heavy duty diesel trucks, locomotives, commercial harbor craft, and cargo ships at berth, plus cargo handling equipment used at a port or intermodal rail yard (ships at berth/equipment).

The Program is a partnership between ARB and local agencies (like air districts and ports) to quickly reduce air pollution emissions and health risk from freight movement along California's priority trade corridors. The State awards funding to local and State agencies; those agencies then use a competitive process to provide incentives to equipment owners to upgrade to cleaner technology. The Program supplements ARB's diesel regulations by funding early compliance or providing extra emission reductions beyond those required by applicable rules or specifically mandated by enforceable agreements.

The State budgets for Fiscal Year (FY) 2007-08, FY2008-09, and FY2009-10 have appropriated a total of \$750 million to ARB for the Program. The Governor's proposed budget for FY2010-11 includes the final installment for the Program.

The Board adopted the first set of Proposition 1B: Goods Movement Emission Reduction Program Guidelines for Implementation (Guidelines) for FY2007-08 on February 28, 2008, and awarded the first \$250 million to local agencies in 2008. The agencies are actively implementing the FY2007-08 grants now.

For FY2008-09 and later funds, the Board adopted updated Guidelines and project specifications on March 25, 2010. The updated Guidelines include the revised category funding targets as shown below.

Trade Corridor Funding Targets

In February 2008, the Board adopted these funding targets for each trade corridor, to be achieved over the course of the \$1 billion Program.

<u>Percent</u>	<u>By Trade Corridor</u>
55%	Los Angeles/Inland Empire (South Coast Air Basin and Port of Hueneme)
25%	Central Valley (San Joaquin Valley Air Basin and Sacramento Federal Nonattainment Area)
14%	Bay Area (San Francisco Bay Area Air Basin)
6%	San Diego/Border (San Diego County and Imperial County)

Category Funding Targets

In March 2010, the Board revised the allocation targets for various funding categories, to be achieved over the course of the \$1 billion Program. These funding splits are not intended to be directly applied in each funding cycle; the Board retains the discretion to fund the mix of projects that best meets the Program needs.

<u>Dollars</u>	<u>By Funding Category</u>
\$700 million	Heavy duty diesel trucks that haul goods, plus any truck stop or distribution center electrification
\$100 million	Diesel freight locomotives
\$160 million	Cargo ships at berth, plus cargo handling equipment used at a port or intermodal rail yard
\$ 40 million	Commercial harbor craft

Priorities for FY2008-09 and FY2009-10 Funds

In addition, the Board identified the following priorities for funding in this cycle:

- Truck upgrade projects to quickly reduce the health risk in communities near high truck-traffic freeways, warehouse/distribution centers, ports, and rail yards.
- Locomotive projects to cut the elevated, excess cancer risks in neighborhoods near rail yards, as identified in ARB's health risk assessments.
- Ships at berth projects to further reduce diesel pollution in port-side communities and greenhouse gas emissions.

Match Funding

Consistent with clear directives in the implementing legislation, the Program uses State bond funding to leverage other monies to achieve the greatest emission reductions per State dollar. By limiting the amount of Program funds available for each project, we maximize the number of individuals, businesses, and ports able to access those funds, as well as the resulting air quality benefits.

While the Guidelines cap the maximum amount of bond funding for each project type, they do not require a fixed match ratio and they do not specify who must pay the

remainder of the project cost. The local agencies implementing the Program are not required to contribute any of their own monies. To provide flexibility, projects can be co-funded through a combination of private, federal, other State, and/or local sources.

Accountability and Transparency

In January 2007, Governor Schwarzenegger issued Executive Order S-02-07 highlighting the importance of transparency and accountability in administering the over \$40 billion in bond funding approved by voters in 2006. ARB staff conducted the solicitation and review of applications consistent with the Guidelines and three-part accountability structure required by the Executive Order. This accountability structure was approved by the Department of Finance on February 27, 2008, and is available on the Program website.

ARB staff has made all Program materials available on the website, including: the Guidelines and Board Resolutions; each Notice of Funding Availability and application instructions; summary tables and the complete applications submitted by local and State agencies; staff's preliminary recommendations for funding; and materials from the public workshops to discuss those recommendations. The Program website also contains copies of existing grant agreements and related documents.

Availability of Funds

ARB must have access to funds before funds can be awarded to the local agencies. The recent process required the State to sell bonds first and distribute the upfront proceeds to agencies before they could take any action. In April 2010, the Department of Finance issued new direction to agencies on the ability to initiate new projects. The Department of Finance has posted a forward looking plan that identifies a schedule for future bond sales, the intended recipient State agencies and programs, and the funding amounts. This Program is slated to receive the next installment of cash from planned Spring 2011 bond sales. ARB can tentatively allocate funds from these future sales, contingent on those sales and receipt of the proceeds.

Next Steps

Following the Board's approval of funding for specific local and State agency projects, ARB will enter into grant agreements with local agencies this summer. Local agencies will then begin implementing the Program, starting with a public solicitation for projects. ARB staff will work with local agencies to coordinate outreach efforts to ensure that all interested parties have the opportunity to compete for funding. Staff plans to return to the Board in early/mid 2011 to finalize the Phase 2 allocation, contingent on bond sales.

2. EVALUATION OF APPLICATIONS

On April 15, 2010, ARB staff released the Notice of Funding Availability (Appendix A) announcing the application period for \$500 million in FY2008-09 and FY2009-10 funds. This Notice and supplemental materials described the process to register as a qualifying local public entity and to submit applications for Program funding. The final due date for applications was May 11, 2010.

Registration

The first part of the application process was on-line registration (or re-registration for previous applicants) – applicants submitted evidence that they are a local or State public entity involved in goods movement or air quality, with the ability to run a regional scale incentive program. All the local air districts that participated in administering FY2007-08 funds re-registered for the new round of funding. New applicants included the Oxnard Harbor District, which submitted an application to administer ships at berth projects and ARB, which submitted an application to administer a loan assistance program for heavy duty diesel trucks.

Application Content and Submittal

Once ARB staff verified that a local or State agency was eligible to participate in the Program, the agency submitted an application that included a project narrative document explaining how the proposed project would be administered, plus data on the project details.

The project narrative document included:

- A proposal for how the agency would implement the project to meet each of the requirements of the Guidelines, including any permitted project alternatives (like geographic restrictions, use of consultants, or allowance for lease-to-own truck replacement projects).
- A description of how the proposed project is consistent with air quality and goods movement plans for the region.
- The agency's experience with incentive programs, including the ratio of staff to the number of equipment projects funded, inspected, and monitored.
- Highlights on planned project outreach, as well as project schedules and milestones.
- Documentation of the required community consultation meeting.
- A resolution from the governing board or commission of the agency authorizing that agency to participate in the Program.

In the project details part of the application, local agencies used ARB's Goods Movement On-Line Database (Database) to enter information on the funding category, the bond funds requested (for both equipment upgrades and administration), the match funds, and source of those funds. This information was used to calculate emission reductions, bond

cost-effectiveness, and an estimate of the number of pieces of equipment that could be funded under each category.

Applications Received

As shown in Table 2, ARB received 15 proposals from seven local agencies in the four trade corridors and a State agency (ARB). Appendix B provides an expanded summary with additional detail on the match funding source(s), anticipated emission reductions, and bond cost-effectiveness for each of the proposals.

Table 2 Summary of Local and State Agency Applications

Trade Corridor	Local District	Funding Category	Estimated number of Equipment	Bond \$ Requested¹ (millions)	Total Corridor \$ (millions)
LA/Inland Empire	South Coast	Trucks	8,320	\$436.8	\$528.8
		Locomotive	40	\$30.9	
		Ships/Equipment	18	\$55.6	
	Oxnard Harbor	Ships/Equipment	2	\$5.5	
Central Valley	San Joaquin Valley	Trucks	6,000	\$315.0	\$449.2
		Locomotive	100	\$77.2	
	Sacramento Metro	Trucks	300	\$15.8	
		Locomotive	53	\$41.2	
Bay Area	Bay Area	Trucks	857	\$45.0	\$88.0
		Locomotive	5	\$3.9	
		Ships/Equipment	13	\$39.1	
San Diego/Border	San Diego	Trucks	420	\$22.1	\$31.0
	San Diego	Harbor Craft	3	\$0.5	
	Imperial	Trucks	160	\$8.4	
All Trade Corridors	ARB ²	Trucks	---	\$50.0	\$50.0
TOTAL			16,291	\$1,147	\$1,147

¹ Includes dollars for equipment projects, plus administration funds where permitted.

² State agency.

ARB Staff Evaluation

ARB staff evaluated each application for completeness and consistency with Program requirements.

ARB staff contacted local agencies during the week of May 17, 2010 to discuss any missing elements and any conflicts with the requirements of the Guidelines. As a part of this communication (e-mail/phone), we asked the local agencies to confirm, correct, clarify, or replace the information in question.

The next step included an assessment of each proposal for such requirements as:

- The capacity of existing staff, and any proposed additions, to complete the number of projects proposed and to do so within the schedules identified in the Guidelines.
- The proposed use of acceptable project alternatives, such as geographic restrictions or use of contractors to help run the program.
- The experience and ability of the agency to administer the proposed projects based upon past performance.

The Guidelines call for ARB staff to assess whether the agency has affirmatively demonstrated that it has or will have the capacity to implement the project scope. If staff determines that the agency has demonstrated the ability to handle the project type, but only at a lesser scope or scale than proposed, an alternative scope could be proposed. The project then moves forward with that alternative scope to the competitive process and evaluation for funding. The available funding limited the maximum potential size of the projects in each corridor.

Where agencies proposed projects in the same funding category and the same trade corridor, ARB staff completed the competitive scoring process described in the Guidelines. The competition is based on two primary factors – emission reductions and a measure of cost-effectiveness. Appendix C summarizes the inputs and the final score for each proposed project subject to this competitive process.

Process for Developing Funding Recommendations

ARB staff used the process and Board priorities described in the Guidelines to develop recommendations for funding local and State agency proposals.

We considered the availability of bond funds, trade corridor and category funding targets, competitive process results, the Board's funding priorities for the cycle, regulatory compliance deadlines, local and State agency readiness, and public input in developing funding recommendations. The Guidelines direct ARB staff to recommend whether the most competitive local agency project in each corridor and funding category should be funded in whole, in part, or not at all in that funding cycle. The Guidelines provide ARB with the option to pro-rate the requested Program funding and the estimated performance measures (pieces of equipment, emission reductions, etc.) based on the available dollars and funding priorities.

3. ARB STAFF RECOMMENDATIONS

We received proposals from local agencies in each trade corridor that exceeded the corridor's target funding level. We also received an application from ARB for a loan assistance program for truck projects. Most of the applicants demonstrated the capability to implement the Program at some significant funding level.

ARB staff is recommending that the Board tentatively allocate up to \$475 million and award \$200 million (Phase 1) at the June 2010 Board meeting. ARB anticipates awarding up to \$275 million (Phase 2) when additional funds become available from planned Spring 2011 bond sales.

Approach

There are proposals in each trade corridor that can successfully achieve the objectives of the Program, consistent with the Guidelines. ARB staff recommends that the \$500 million appropriation, less \$25 million reserved for ARB administration, be tentatively allocated as follows: \$50 million to ARB to administer a truck loan assistance program, with the remaining \$425 million divided between the four corridors based on the Program's corridor funding targets adopted by the Board.

The next level of decision is how the funds should be allocated among the eligible projects within each trade corridor and which projects should be awarded Phase 1 funding. ARB staff used the Board's adopted March 2010 priorities (truck, locomotive, and ships at berth projects) combined with the need to provide funds earlier for ships at berth projects due to multi-year timeframes and upcoming compliance dates. Staff also considered the demand for incentive funds and available local agency staff resources.

Public Outreach

ARB staff held three workshops around the State during the week of June 1, 2010 to receive public input on how Program funds should be distributed among the eligible projects within each trade corridor. The workshops were held in Oakland, Fresno, and Long Beach to cover Northern, Central, and Southern California communities as required by State law. In addition, local agencies held at least one community meeting to solicit public comments on their proposed projects prior to application submittal.

ARB Administrative Costs

State law allows ARB to reserve up to 5 percent of the funds for administration of the Program, which will cover several years' costs. As a baseline, ARB has typically incurred costs at a level of 1.5 percent annually for staff and contracts. These costs cover Program development, implementation assistance for local agencies and equipment owners, oversight and audits, and outreach/marketing.

ARB staff believes that we should reserve the full 5 percent from the \$500 million appropriation until we can determine the need to use some or all of the funds in excess

of the annual baseline to support clean truck outreach and assistance centers – essentially a one-stop shop for truckers to get information on ARB emission requirements, available technology, grants, and financing. Any administrative funds not needed will be transferred to existing grants to allow for additional truck projects.

Shore Power Requirements

The ships at berth projects are complex to administer and implement because they typically involve multi-year design and build projects to install electric infrastructure to provide grid-based power to ships at berth. Under ARB's rule for ships at berth, these projects must be finished in time so ships can meet the January 1, 2014 compliance deadline. On the grant side, ARB must set aside the funds for the projects upfront, before work begins. Once a contract is signed, it triggers a 4-year clock under State law to complete the project, demonstrate it to be fully operational by powering a ship, and make full payment to the equipment owner.

If all of those steps are not completed on time, the funding set aside for the project reverts back to the legislatively controlled account for the Program and must be reappropriated to ARB in a future State budget. The funds are out of circulation -- neither the grant recipient, nor the local district, nor ARB can access or redirect those funds for other purposes. The project grant would then need to be terminated regardless of how much money the grant recipient has advanced to cover the costs to that point.

To minimize the possibility of this situation happening, ARB staff is proposing to develop supplemental procedures for local agencies administering grants for ships at berth/equipment. These procedures will cover how the local agency must solicit and process applications for these funds, as well as minimum provisions and timetables to be included in the contracts between the local agency and the port or terminal operator responsible for implementing the shore power project.

If the solicitation for shore projects is undersubscribed, ARB will redirect those funds to trucks or locomotives. Similarly, if a local agency signs a grant contract with a port or terminal operator to install shore power, but the project does not meet its contractual schedule, ARB will require the agency to terminate the project and redirect those funds to trucks or locomotives. Truck and locomotive projects can most quickly use any available money to beat the statutory deadline for expenditure and avoid reversion.

ARB staff believes this approach is the soundest way to make funding available for the shore power projects, but ensure the funding achieves the intended emission and health risk reductions even if the shore power project experiences delays.

Summary of Funding Recommendations

Table 3 below summarizes the tentative funding allocations for the \$475 million.

Table 3 Summary of Recommendations by Trade Corridor and Funding Category

Funding Category	Trade Corridor (funding in millions)					Total*
	Los Angeles/ Inland Empire	Central Valley	Bay Area	San Diego/ Border	All Trade Corridors	
Trucks	\$141.5	\$78.5	\$33.3	\$25.0	\$50.0	\$328.3
Locomotives	\$30.9	\$27.7	\$2.3	---	---	\$60.9
Ships/Equipment	\$61.3	---	\$23.9	---	---	\$85.2
Harbor craft	---	---	---	\$0.5	---	\$0.5
Total	\$233.7	\$106.2	\$59.5	\$25.5	\$50.0	\$474.9

* Adds to just under \$475 million due to rounding.

Table 1 in the Executive Summary shows the specific funding recommendations, including the allocations for Phase 1 and Phase 2, and the recipient local and State agencies. Below, we describe the rationale for each decision to recommend particular projects at specific funding amounts in each trade corridor.

Los Angeles/Inland Empire Trade Corridor

We received local agency applications from the South Coast Air Quality Management District (South Coast District) and the Oxnard Harbor District (Port of Hueneme). There is a total of \$233.7 million in funding available to allocate to local agency projects in this trade corridor. The total funding request from the South Coast District was \$523 million for trucks, locomotives, and ships/equipment projects. The request from the Oxnard Harbor District was \$5.5 million for ships/equipment projects.

After reviewing the ships at berth/equipment applications, ARB staff determined that the Oxnard Harbor District's application was incomplete. The application had detailed information regarding the ship berths that needed to be upgraded but little to no detail regarding the administration of competitive grants for the entire trade corridor, as required by the Guidelines. After consultation with the applicant from Oxnard Harbor District, as well as the South Coast District and the Ports of Los Angeles and Long Beach, we concluded that a single administrator of the combined funding requests within this trade corridor was an efficient solution. Staff is proposing to award a single grant of \$61.3 million in Phase 1 to the South Coast District to cover shore power needs for 23 berths at the three ports within this corridor, with allowed administrative funds to the South Coast District. Any applications for cargo equipment will need to compete against shore power projects.

After consultation with railroads and the South Coast District, ARB staff is proposing that the Board award \$6.2 million in Phase 1 to upgrade switcher locomotives over the next few years, with \$24.7 million deferred to Phase 2 for locomotives to take advantage of the cleaner technology expected to be available in the timeframe to spend Phase 2 monies. The remaining funds, a total of \$141.5 million, would be used to upgrade diesel trucks, with \$42.5 million available in Phase 1 and \$99.0 million in Phase 2.

Table 4 identifies the key details of the projects proposed for funding that would be implemented by the South Coast District in the Los Angeles/Inland Empire Trade Corridor.

Table 4 Funding Details for the Los Angeles/Inland Empire Trade Corridor

Local District	Funding Category	Bond Funding Recommended		Project Alternatives
		Phase 1	Phase 2 Tentative Allocation	
South Coast	Ships/ Equipment	\$61,300,000	---	- Option for contractor(s)
	Trucks	\$42,500,000	\$99,000,000	- Option for contractor(s)
	Locomotives	\$6,200,000	\$24,700,000	- Option for contractor(s)

San Diego/Border Trade Corridor

Both the San Diego Air Pollution Control District (San Diego District) and the Imperial County Air Pollution Control District (Imperial District) requested funds for heavy duty diesel trucks, which triggered the competitive ranking process. The San Diego District proposal requested funding for more trucks, resulting in greater overall emission reductions (and thus a higher overall score). The San Diego District also requested a small amount of funding for harbor craft projects. There is a total of \$25.5 million in funding available to allocate to local agency projects.

We looked at the resource and staffing capacity of the two air districts to administer new truck grants with Phase 1 monies this year, versus starting grants next year with Phase 2 funds. Truck projects are the most resource-intensive for the local agencies to administer, especially as we focus on individual owner-operators and small fleets that require extensive assistance. There is a 5-step process to administer these grants – 1/solicitation for projects, 2/evaluation of applications and entry into database, 3/pre-inspection of old truck, 4/signature of contracts with truck owners, and 5/inspection of the new truck and final payment.

Based on the rate of progress over the past year and current staffing levels, ARB staff believes that the two air districts in the trade corridor are not ready to take on a significant amount of new truck funds at this time. Both districts still have substantial work left to do to implement their existing (year one) Proposition 1B truck grants. The San Diego District is on step 3 for its \$5.5 million port truck grant, and step 2 for its \$5.3 million other truck grant. The Imperial District is on step 3 for its single \$3.7 million grant for other trucks. Both districts must complete step 4, contracting with the truck owners by the end of 2010 or – by statute – the funding will revert back to the legislatively-controlled account and the projects in the pipeline will be terminated. If funds under this Program revert back to the account, it undermines ARB's ability to

secure new cash from bond sales to begin implementing the next rounds of project in all of the trade corridors.

In response, we are proposing that the Board make small awards of Phase 1 funding in the San Diego/Border trade corridor, including \$3 million to the Imperial District for trucks, and \$0.5 million to the San Diego District for harbor craft. The \$22 million balance of the funding allocated for this corridor would be funded in Phase 2.

We are committed to providing the full trade corridor allocation by tentatively allocating the \$22 million for trucks in Phase 2. The precise allocation of these funds between the districts will be determined based on the progress of these district in implementing existing and new grants. ARB staff will offer assistance to the San Diego and Imperial Districts to help them administer their truck grants as efficiently as possible.

Table 5 identifies the key details of the projects proposed for funding that would be implemented by the San Diego District and the Imperial District in the San Diego/Border Trade Corridor.

Table 5 Funding Details for the San Diego/Border Trade Corridor

Local District	Funding Category	Bond Funding Recommended		Project Alternatives and Other Details
		Phase 1	Phase 2 Tentative Allocation	
San Diego	Trucks	---	\$22,000,000	- Option for contractor(s) - Requires a minimum 10% of annual miles within this corridor as eligibility requirement
Imperial	Trucks	\$3,000,000		- Option for contractor(s)
San Diego	Harbor craft	\$500,000	---	- Option for contractor(s) - Restrict eligibility to vessels that are home ported within this corridor - Offer reduced funding for 90% California operation

Central Valley Trade Corridor

We received applications from the San Joaquin Valley Air Pollution Control District (San Joaquin Valley District) and the Sacramento Metropolitan Air Quality Management District (Sacramento Metro District) for both truck and locomotive projects. There is a total of \$106.2 million to allocate to local agency projects.

Both local districts submitted applications for the heavy duty diesel truck and locomotive categories, which triggered the competitive ranking process. The San Joaquin Valley

District proposal requested funding for more trucks and locomotives, resulting in greater overall emission reductions (and thus a higher overall score).

Given the dominant contribution of trucks to PM and ozone levels throughout the Central Valley, ARB staff believes the full Central Valley share of Phase 1 monies should be awarded to truck projects. Since both the air districts have run successful truck programs, we recommend awarding partial funding to both districts in Phase 1 to cover this large geographic area. The San Joaquin Valley District would administer 80 percent (\$40 million) of this trade corridor's share of Phase 1 funding, with the Sacramento Metro District administering the remaining 20 percent (\$10 million). Both districts will solicit applications from trucks operating in the Central Valley and use the same competitive ranking process to award funds to truck owners.

ARB staff is proposing to temporarily redirect \$8.5 million in Phase 1 funds from the San Diego/Border trade corridor to the San Joaquin Valley District for heavy duty diesel truck projects. These funds for the San Joaquin Valley District would be accelerated from Phase 2 to Phase 1, and they would not increase the overall allocation to this corridor. Based on the San Joaquin Valley District's success in working with independent owners and small trucking fleets, and their progress in implementing their existing truck grant, staff is convinced that San Joaquin Valley District has adequate resources to accelerate truck projects in this region with these additional funds, starting this summer. This is consistent with the statutory direction that ARB allocate funds to projects that can quickly reduce emissions and health risk.

ARB staff is also proposing to tentatively allocate \$20 million for truck projects in Phase 2. As bond funds for Phase 2 become available, the Board will determine the allocation of these monies between these two districts based on their progress in administering existing and new grants.

ARB staff is recommending tentatively allocating \$27.7 million in Phase 2 to upgrade locomotives. We anticipate that cleaner locomotives will become available over the next 2-3 years, which will provide greater health and air quality benefits per State dollar invested. The San Joaquin Valley District would tentatively receive \$20 million of this funding with a focus on upgrading regional line-haul locomotives that travel through the Central Valley and beyond. The Sacramento Metro District would tentatively receive \$7.7 million of this funding with a focus on upgrading switcher locomotives that operate at railyards in the Sacramento region and the Central Valley.

Table 6 identifies the key details of the projects proposed for funding that would be implemented by the San Joaquin Valley District and the Sacramento Metro District in the Central Valley Trade Corridor.

Table 6 Funding Details for the Central Valley Trade Corridor

Local District	Funding Category	Bond Funding Recommended		Project Alternatives
		Phase 1	Phase 2 Tentative Allocation	
San Joaquin Valley	Trucks	\$48,500,000	\$20,000,000	- Requires a minimum 10% of annual miles within this corridor as eligibility requirement
Sacramento Metro	Trucks	\$10,000,000		- None
San Joaquin Valley	Locomotives	---	\$20,000,000	- None
Sacramento Metro	Locomotives	---	\$7,700,000	- None

Bay Area Trade Corridor

The Bay Area Air Quality Management District (Bay Area District) was the only applicant in this trade corridor. The total funding request by the Bay Area District was \$88 million for trucks, locomotives, and ships/equipment projects. There is a total of \$59.5 million in funding available to allocate to local agency projects in this corridor.

To determine how to cut the requested funding down to match the available funding, ARB staff consulted with the Bay Area District. The Bay Area District concurred that it was appropriate to reduce the size of the requested award for all three types of projects, and to maintain all three types of projects, since they are all effective at reducing the health risk for residents of the entire Bay Area region who live near freeways, ports, and railyards. We also agreed to front-load most of the shore power funding into Phase 1 in light of the long construction timeframes and the January 2014 compliance deadline. In a letter dated June 14, 2010, the Bay Area District is proposing to provide up to \$5 million to Bay Area ports for ships at berth projects to supplement the funds they requested in their application.

The Port of Oakland and numerous stakeholders maintain the need for the full \$39 million requested by the Bay Area District for ships at berth/equipment at the Port. That funding request exceeds the Phase 1 total for the region. Meeting the Port's request in Phase 1 and 2 combined could only happen by diverting funding from truck projects that can significantly reduce the associated health risk throughout the Bay Area and into the Central Valley.

ARB staff is proposing an award of \$20 million in Phase 1 to the Bay Area District for the ships at berth/equipment funding category. We are also proposing that the Board tentatively allocate \$3.9 million in Phase 2 for ships at berth/equipment projects. We note that the Bay Area District application described an intent to preferentially fund only grid-based shore power at the Port of Oakland. We clarified that the Bay Area District

must solicit applications for all equipment project options under the ships at berth/equipment category and competitively rank them, as per the Guidelines.

ARB staff is proposing an award of \$8 million in Phase 1 to clean up heavy duty diesel trucks, which includes \$3 million that was advanced to the Bay Area District earlier this year for port truck upgrades. We are recommending that the Board tentatively allocate \$25.3 million in Phase 2 for truck projects.

The Bay Area District also submitted an application for locomotive projects. ARB staff is proposing that the Board tentatively allocate \$2.3 million for locomotives during Phase 2 when the next generation of cleaner locomotives will likely become available.

Table 7 identifies the key details of the projects proposed for funding that would be implemented by the Bay Area District in the Bay Area Trade Corridor.

Table 7 Funding Details for the Bay Area Trade Corridor

Local District	Funding Category	Bond Funding Recommended		Project Alternatives
		Phase 1	Phase 2 Tentative Allocation	
Bay Area	Ships/ Equipment	\$20,000,000	\$3,900,000	- Option for contractor(s)
	Trucks	\$8,000,000	\$25,300,000	- Option for contractor(s)
	Locomotives	---	\$2,300,000	- Option for contractor(s)

All Trade Corridors

ARB is the only State agency that applied to administer a loan assistance program for heavy duty diesel truck projects. The program will combine bond funding with existing AB118 Air Quality Improvement Program monies to expand funding for direct loans and loan guarantees for truck upgrades that provide early or extra emission reductions.

California air quality agencies have provided grants that cover part of the cost for truck owners to upgrade their vehicles ahead of, or beyond, the regulatory requirements. Truck owners must typically pay the remainder of the cost of new equipment. Obtaining financing to supplement these grants has proven to be a barrier for independent owner-operators and smaller trucking fleets that have less access to capital.

The intent of offering bond funds for loan projects is to provide financial assistance and expand financing opportunities for owners of smaller truck fleets who are experiencing difficulty in obtaining financing to upgrade or replace their vehicles with cleaner technology.

Consistent with the existing truck loan guarantee program established by ARB's Providing Loan Assistance for California Equipment, truck owners must have fleets of 20 or fewer trucks, employ 100 or fewer employees and have annual revenue of \$10 million or less. The loan monies would be used to supplement bond funded retrofit and replacement projects for these smaller fleets. The program requires that each truck owner contribute some cash to the project.

To provide funds for a loan assistance program, ARB must obtain proceeds from taxable bond sales. We have been receiving proceeds from tax-exempt bond sales and therefore the Phase 1 funds cannot be directed to this program. ARB staff is proposing that the Board tentatively allocate \$50 million in Phase 2 for this purpose, and staff will request the sale of appropriate bonds for this loan program.

ARB staff will develop the loan assistance program using the following process, which includes public input.

- Draft and release a detailed proposal and solicit feedback from districts with truck grants, financing entities, and truckers. This proposal will include the required level of leverage by the loan administrator, requirements for statewide or regional programs, and compensation for services.
- Work with the local agencies to develop procedures for streamlining the loan and loan guarantee application process for the truck owners and the local agencies.
- Work with local air districts offering truck grants to provide outreach to truckers on the complementary loan programs, including eligibility and application procedures.
- Develop detailed ARB internal fiscal and program procedures and controls. ARB staff will provide drafts of these documents to the Department of Finance for review and comment to ensure accountability.
- Continue working with the State Treasurer's Office to have taxable bonds sold in Spring 2011 to provide the upfront cash proceeds.

Table 8 identifies the key details of the project proposed for funding that would be implemented by ARB in all the trade corridors.

Table 8 Funding Details for All Trade Corridors

State Agency	Funding Category	Bond Funding Recommended		Project Alternatives and Other Details
		Phase 1	Phase 2 Tentative Allocation	
ARB	Trucks	---	\$50,000,000	- Option to utilize contractors - Option for lease-to-own projects

Cumulative Program Funding

Based on ARB staff recommendations in this report, Table 9 shows the cumulative Program allocations for the full \$750 million appropriated to date.

Table 9 Cumulative Program Funding

Funding Category	Trade Corridor (funding in millions)					Total*
	Los Angeles/ Inland Empire	Central Valley	Bay Area	San Diego/ Border	All Trade Corridors	
Trucks	\$274.3	\$130.0	\$64.8	\$39.6	\$50.0	\$558.7
Locomotives	\$34.0	\$38.0	\$2.3	---	---	\$74.3
Ships/Equipment	\$61.3	---	\$26.8	---	---	\$88.1
Harbor craft	---	---	---	\$0.5	---	\$0.5
ARB admin	---	---	---	---	---	28.4
Total	\$369.6	\$168.0	\$93.9	\$40.1	\$50.0	\$750.0

* Includes dollars for equipment projects, plus administration funds where permitted.

Table 10 on the following page provides the minimum number of equipment that would be upgraded and associated emission reductions.

Recommendation for Board Action

ARB staff recommends that the Board adopt Resolution 10-27 that includes:

- A final list of primary and backup projects to be funded with the \$200 million in Phase 1 funds.
- A tentative allocation of the \$275 million with direction to come back to the Board to finalize these awards when bond sales are imminent or complete, consistent with State fiscal policy.
- A requirement that ARB staff exercise oversight to closely monitor the local agencies' performance to ensure funds are being used effectively and expeditiously.

Benefits of Proposed Recommendations for Funding

- The proposed allocation of funding would direct over 80 percent of the total dollars to cleaner trucks and locomotives that may travel in multiple trade corridors.
- The Phase 1 recommendations would "front-load" funding to install electric infrastructure for ships at berth.
- The recommended projects in Phase 1 and Phase 2 would reduce over 2,000 tons of PM and over 58,000 tons of NOx that form ozone and fine particles.
- The \$475 million from Proposition 1B would leverage over \$550 million from other funding sources. The majority of the match funding will be from truck owners, seaports, and railroads.

Table 10 Estimated Emission Reductions from Recommended Projects

Trade Corridor	Funding Category	Local District	Phase 1			Tentative Phase 2		
			Total Funds	PM (lbs)	NOx (lbs)	Total Funds	PM (lbs)	NOx (lbs)
LA/ Inland Empire	Trucks	South Coast	\$42,500,000	305,000	9,374,000	\$99,000,000	710,000	21,837,000
	Ships/Equip.	South Coast	\$61,300,000	271,000	26,930,000	---	---	---
	Locomotives	South Coast	\$6,200,000	194,000	2,421,000	\$24,700,000	773,000	9,645,000
	Corridor Total		\$110,000,000	771,000	38,725,000	\$123,700,000	1,483,000	31,482,000
Central Valley	Trucks	San Joaquin Valley	\$48,500,000	348,000	10,698,000	\$20,000,000	143,000	4,411,000
	Trucks	Sacramento Metro	\$10,000,000	72,000	2,206,000			
	Locomotives	San Joaquin Valley	---	---	---	\$20,000,000	626,000	7,810,000
	Locomotives	Sacramento Metro	---	---	---	\$7,700,000	241,000	3,007,000
	Corridor Total		\$58,500,000	420,000	12,904,000	\$47,700,000	1,010,000	15,228,000
Bay Area	Trucks	Bay Area	\$8,000,000	57,000	1,765,000	\$25,300,000	181,000	5,580,000
	Ships/Equip.	Bay Area	\$20,000,000	43,000	4,262,000	\$3,900,000	8,000	831,000
	Locomotives	Bay Area	---	---	---	\$2,300,000	72,000	898,000
	Corridor Total		\$28,000,000	100,000	6,027,000	\$31,500,000	261,000	7,309,000
San Diego/ Border	Trucks	San Diego	---	---	---	\$22,000,000	158,000	4,853,000
	Trucks	Imperial	\$3,000,000	21,000	662,000			
	Harbor Craft	San Diego	\$500,000	19,000	214,000	---	---	---
	Corridor Total		\$3,500,000	40,000	876,000	\$22,000,000	158,000	4,853,000
All Trade Corridors	Trucks	ARB ¹	---	---	---	\$50,000,000	Included in above truck projects	
Local and State Agency Totals²			\$200,000,000	1,330,000	58,532,000	\$274,900,000	2,912,000	58,872,000

¹ State agency.

² Adds to just under \$475 million due to rounding.

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APPENDIX A

NOTICE OF FUNDING AVAILABILITY

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Proposition 1B: Goods Movement Emission Reduction Program

NOTICE OF FUNDING AVAILABILITY – APRIL 2010

The California Air Resources Board (ARB or Board) is soliciting applications from eligible local and State agencies to administer funding to reduce emissions and health impacts from diesel equipment used to move freight in California's four priority trade corridors. The applications must include proposals to implement incentive projects in one of four categories: heavy-duty diesel trucks (including truck loan and/or loan guarantee programs), freight locomotives and rail yards, cargo ships at berth and cargo handling equipment, or commercial harbor craft. This Notice describes the types of agencies eligible to apply, as well as the two-step process for on-line registration and application submittal.

Applications are due to ARB by May 10, 2010.

Proposition 1B authorized a total of \$1 billion to ARB for the Goods Movement Emission Reduction Program (Program), with \$750 million appropriated to date. In May 2008, the Board awarded the first installment of \$250 million to local agencies that are currently implementing the projects. Under the State's current fiscal policies, ARB's ability to award the next \$500 million is dependent on the availability of cash from bond sales or other State financing mechanisms.

From Spring 2010 bond sales, ARB has the cash available to award approximately \$200 million for new projects to local/State agencies at a public Board hearing on June 24-25, 2010. As ARB receives additional cash in the future, the Board will consider further awards for the remaining funds appropriated. ARB may rely on the applications received in response to this Notice of Funding Availability or may issue a subsequent Notice, depending on the time elapsed since submittal of applications.

As required by State law, the Board adopted the initial Program Guidelines (Guidelines) in February 2008 and the updated Guidelines in March 2010. The Guidelines define the procedures for ARB and local/State agencies to administer the Program, as well as specifications for eligible projects. In the event of a conflict between this Notice and the Guidelines, the Guidelines shall control.

FUNDING PRIORITIES

To select local/State agency project proposals for funding, ARB considers: the availability of Program funds, the trade corridor and category funding targets, priorities established by the Board for each funding cycle, the emission reductions and cost-effectiveness of each proposed project, and public input.

Notice of Funding Availability

ARB has established the following funding allocations for the trade corridors:

<u>Percent</u>	<u>By Trade Corridor</u>
55%	Los Angeles/Inland Empire trade corridor
25%	Central Valley trade corridor
14%	Bay Area trade corridor
6%	San Diego/Border trade corridor

The Board has also set targets for each funding category over the course of the \$1 billion Program. ARB maintains the regional allocations in each round of funding, but does not rely on a formula to calculate the specific funding by category within each trade corridor. The awards are responsive to the proposals submitted by agencies for each corridor, as well as the other factors described in this section.

<u>Dollars</u>	<u>By Funding Category</u>
\$700 million:	Heavy duty diesel trucks that haul goods, plus any truck stop or distribution center electrification.
\$100 million:	Diesel freight locomotives.
\$160 million:	Cargo ships at berth, plus cargo handling equipment used at a port or intermodal rail yard.
\$ 40 million:	Commercial harbor craft.

The Board adopted these priorities for the current funds:

- Truck upgrade projects to quickly reduce the health risk in communities near high truck-traffic freeways, warehouse/distribution centers, ports, and rail yards.
- Locomotive projects to cut the elevated, excess cancer risks in neighborhoods near rail yards, as identified in ARB's health risk assessments.
- Ships at berth projects to further reduce diesel pollution in port-side communities and greenhouse gas emissions.

AGENCY AND PROJECT ELIGIBILITY

Local Public Entities

Applicants must satisfy three criteria to be considered a local agency eligible for funding in this Program. First, they must be a "local public entity", which is defined to include a county, city, district, public authority created by statute, public agency, and any other political subdivision in the State. Second, local public entities must be involved in the movement of freight through trade corridors or involved in air quality improvements associated with goods movement. Third, local public entities must have the legal authority and resources to run a regional scale incentive program that includes sources outside their geographic jurisdiction.

Notice of Funding Availability

Appendices A-E of the updated Guidelines detail the equipment project options within each category for FY2008-09 and later funds, including upgrade specifications, funding caps, minimum project life, and key operating conditions. Local agencies can choose to propose projects for one or more funding categories, and must offer all of the equipment project options within that category. Local agencies may also choose to propose allowable project alternatives as specified in Chapter III - Section C of the Guidelines which are available on our website at <http://www.arb.ca.gov/gmbond>.

State Agencies

California State agencies interested in and capable of implementing a large scale truck loan or loan guarantee program to finance truck replacement or retrofit projects are also eligible to apply for funding.

APPLICATION PROCESS

Local Public Entities

The application process requires two steps, registration as a local public entity and the project proposal. Information for each step is provided below. More detailed information can be found in Chapter III - Sections A and E of the Guidelines which are available on our website at <http://www.arb.ca.gov/gmbond>.

Registration

The application process begins with e-mail registration to gain access to ARB's Goods Movement On-line Database (Database).

Local public entities need to complete a user account registration form, as specified below, and e-mail this form to gmbond@arb.ca.gov no later than 5:00 p.m., **April 29, 2010** to receive a username and password to access the Database.

Previous Applicants

Local public entities that have previously successfully registered as local agencies may use an abbreviated set of registration instructions which can be found on our website at <http://www.arb.ca.gov/gmbond>.

New Applicants

Local public entities that are **new** applicants to the Program must submit information described in the new applicant registration instructions which can be found on our website at <http://www.arb.ca.gov/gmbond>.

Project Proposals

After a local public entity has successfully registered as a local agency, they must complete the application process by submitting a project proposal. This consists of information submitted to the Database and a separate proposal narrative.

The data to be entered by the applicant into the Database must include:

- Local agency contact information
- Project details
- Funding demonstration
- Air quality benefits(emission benefits)
- Project schedule

The proposal narrative must include the following elements:

- General information
- Project description
- Provisions to customize proposal
- Staff resources
- Local agency pre-application meeting information
- Certification to comply with Program requirements
- Board/commission resolution

The narrative information must be attached to the Review/Submit page of the Database. For detailed descriptions of the elements listed above, please consult the Guidelines or contact ARB staff for assistance. (See page 6 of this Notice for contact information.)

State Agencies

The application process requires two steps, qualification as an eligible State agency and the project proposal. Information for each step is provided below. More detailed information can be found in Chapter III - Section A of the Guidelines which are available on our website at <http://www.arb.ca.gov/gmbond>.

Qualification

State agencies applying to administer a loan or loan guarantee program for truck projects do not need to register for Database access but need to submit qualifying information to determine eligibility in the Program.

Notice of Funding Availability

This information must be emailed to gmbond@arb.ca.gov no later than 5:00 p.m., **April 29, 2010** and should include:

- Type of State agency
- Mission statement or purpose
- General information
- Description of how the State agency is involved in providing financial assistance, such as grants, loans or loan guarantee programs. This description shall include the agency's specific roles, authorities, responsibilities, and annual budget for these programs.
- State agency contact information

ARB staff will contact State agencies within two business days after receipt of information to discuss the results of qualification information.

Project Proposals

After a State agency has successfully qualified as an applicant, they must complete that application process by submitting a project proposal. This proposal must include the following elements:

- Project description
- Provisions to customize proposal
- Funding demonstration
- Air quality benefits
- Staff resources
- Project schedule
- Certification to comply with Program requirements
- State agency board/commission resolution

APPLICATION DEADLINE AND SUBMITTAL

Two completed paper copies of each local agency's or State application along with completion of the electronic submittal as described in this notice **must be received by ARB no later than 5:00 p.m. on May 10, 2010.**

Applications postmarked or received after 5:00 p.m. on **May 10, 2010** will not be accepted and will be returned to the applicant. Only mailed or hand-delivered applications and supplemental information will be accepted. No faxed applications will be considered.

Notice of Funding Availability

Please mail hardcopy applications and supplemental information to:

Goods Movement Emission Reduction Program
Planning and Technical Support Division
Air Resources Board
Standard U.S. Mail: P.O. Box 2815, Sacramento, CA 95812
Other Delivery Services: 1001 I Street, Sacramento, CA 95814

All application information shall be provided or the application shall be considered incomplete. Updates to any application information after the submittal deadline shall only be allowed on a case-by-case basis, at the sole discretion of ARB.

FOR ASSISTANCE AND CONTACT INFORMATION

ARB staff is available to assist applicants as needed. Please contact staff by e-mail or phone as described below.

E-mail question(s) to gmbond@arb.ca.gov. In the subject line, write "Local or State agency application question", and in the body of the e-mail identify the:

- Local agency or State agency name;
- Trade corridor and funding category identified; and
- Your question(s).

By phone, please contact: (916) 44-GOODS (444-6637).

TENTATIVE SCHEDULE OF PROPOSAL AND AWARD PROCESS:

Notice of Funding Availability	April 15, 2010
Registration as a Local Public Entity/Qualifying Info as a State Agency	April 29, 2010
Deadline to Submit Proposals	May 10, 2010
Approval of Awards at ARB Board Hearing	June 24-25, 2010

APPENDIX B

EXPANDED SUMMARY OF LOCAL AGENCY APPLICATIONS FOR FY2008-09 AND FY2009-10 FUNDS

*(Includes links to the project narrative and details
for each application on ARB's Program website)*

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**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2008-09 and FY2009-10 Funds**

LOCAL AGENCY APPLICATIONS

LOS ANGELES/INLAND EMPIRE CORRIDOR

Links to Project Application	Funding Category	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
<i>South Coast Air Quality Management District</i>							
Project Application	Heavy Duty Diesel Trucks	8,320	\$436.8	\$416	96,345,600	3,131,232	0.36
Project Application	Locomotives and Rail Yards	40	\$30.9	\$30	12,066,300	966,930	1.02
Project Application	Ships at Berth	18	\$55.6	Local \$25 Local \$51	24,435,000	246,402	0.53
Agency Total			\$523.3	\$522			
<i>Oxnard Harbor District</i>							
Project Application	Ships at Berth	2	\$5.5	Local \$1.4 Federal \$4.1	1,571,350	15,847	0.34
Agency Total			\$5.5	\$5.5			

* Bond C/E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff.

Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2008-09 and FY2009-10 Funds

CENTRAL VALLEY CORRIDOR

Links to Project Application	Funding Category	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
<i>San Joaquin Valley Air Pollution Control District</i>							
Project Application	Heavy Duty Diesel Trucks	6,000	\$315	\$300	69,480,000	2,258,100	0.36
Project Application	Locomotives and Rail Yards	100	\$77.2	\$75	30,165,750	2,417,325	1.02
Agency Total			\$392.2	\$375			
<i>Sacramento Metropolitan Air Quality Management District</i>							
Project Application	Heavy Duty Diesel Trucks	300	\$15.8	\$15	3,474,000	112,905	0.36
Project Application	Locomotives and Rail Yards	53	\$41.2	\$40	16,088,400	1,289,240	1.02
Agency Total			\$57	\$55			

* Bond C/E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff.

**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2008-09 and FY2009-10 Funds**

BAY AREA CORRIDOR

Links to Project Application	Funding Category	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
<i>Bay Area Air Quality Management District</i>							
Project Application	Heavy Duty Diesel Trucks	857	\$45	\$43	9,925,714	322,586	0.36
Project Application	Locomotives and Rail Yards	5	\$3.9	\$3.8	1,507,311	120,788	1.02
Project Application	Ships at Berth	13	\$39.1	Federal \$8 Local \$51.4	8,341,000	84,122	0.26
Agency Total			\$88	\$106.2			

* Bond C/E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff.

Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2008-09 and FY2009-10 Funds

SAN DIEGO/BORDER CORRIDOR

Links to Project Application	Funding Category	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)	NOx reductions (pounds)	PM reductions (pounds)	Bond C/E*
<i>San Diego Air Pollution Control District</i>							
Project Application	Heavy Duty Diesel Trucks	420	\$22.1	\$22.0	4,863,600	158,067	0.36
Project Application	Commercial Harbor Craft	3	\$0.5	\$0.5	222,905	19,381	1.17
Agency Total			\$22.6	\$21.5			
<i>Imperial County Air Pollution Control District</i>							
Project Application	Heavy Duty Diesel Trucks	160	\$8.4	\$8	1,852,800	60,216	0.36
Agency Total			\$8.4	\$8			

* Bond C/E means cost-effectiveness expressed as weighted lbs of reductions/State \$, as calculated by ARB staff.

**Proposition 1B: Goods Movement Emission Reduction Program
Expanded Summary of Local Agency Applications for FY2008-09 and FY2009-10 Funds**

STATE AGENCY APPLICATIONS

ALL TRADE CORRIDORS

Links to Project Application	Funding Category	Type of Programs	# of Equipment	Bond Funds Requested (millions)	Match Funding: private unless noted (millions)
<i>California Air Resources Board</i>					
<u>Project Application</u>	Heavy Duty Diesel Trucks	Loan Assistance	6,100	\$50	\$92
Agency Total				\$50	\$92

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APPENDIX C

SCORING OF COMPETING LOCAL AGENCY PROPOSALS FOR FY2008-09 AND FY2009-10 FUNDS

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Scoring of Competing Local Agency Proposals
(Multiple Proposals in the Same Trade Corridor and Funding Category)

Trade Corridor	Funding Category	Administering Local Agency (District)	Weighted Emission Reductions NOx + (PM*20) lbs	Calculated C/E (lbs/State \$)	Emissions Reductions (points)	Cost Effectiveness (points)	Total Points
LA/Inland Empire	Ships/Equipment	South Coast	29,363,040	0.53	2	2	4
		Oxnard Harbor	1,888,300	0.34	1	1	2
Central Valley	Trucks	San Joaquin Valley	114,642,000	0.36	2	1	3
		Sacramento Metro	5,732,100	0.36	1	1	2
	Locomotives	San Joaquin Valley	78,512,250	1.02	2	1	3
		Sacramento Metro	41,873,200	1.02	1	1	2
San Diego/Border	Trucks	San Diego	8,024,940	0.36	2	1	3
		Imperial	3,057,120	0.36	1	1	2